

KIBABII UNIVERSITY



UNIVERSITY EXAMINATIONS

MAIN EXAMS

2020/2021 ACADEMIC YEAR

THIRD YEAR FIRST SEMESTER

FOR THE DEGREE OF BACHELOR OF COMMERCE

COURSE CODE: BCP 311

COURSE TITLE: RISK MANAGEMENT IN SUPPLY CHAIN

DATE: 19/07/2021

TIME: 9.00AM-11.00AM

INSTRUCTIONS TO CANDIDATES

Answer Question ONE (compulsory) and ANY OTHER TWO questions

Question one (Compulsory)

- a) Maua PLC is a public corporation established in 2011 to support the empowerment of micro-small and medium entrepreneurs. The following year the government through its ministry of finance received a 4.8 million dollar grant to support the implementation of this objective from one of its multilateral development partners. A recent audit report from the National Audit office highlighted a number of malpractices most of which were procurement related. Most of the procurement contracts were as a result of direct procurement which were not adequately supported and justified in accordance with the public procurement laws. Some of the contracts were found to have addenda whose values were more than the original contract values. Payments were made for goods not delivered and most of the contracts were awarded to the relatives and friends of the corporation staff.

From a procurement point of view, evaluate FOUR qualitative risk assessment techniques that the auditors from National Audit Office may have used
(8 marks)

- b) Risk is a state of uncertainty where some of the possibilities involve a loss, catastrophe, or other undesirable outcome alternatively risk can be described as those events or conditions that may or and whose occurrence, if it does take place, has a harmful or negative effect.

With this understanding clearly explain the various *supply chain organizational categories* of risk that supply chains may be faced with.
(10 marks)

- c) Risk management is a process that identifies loss exposure faced by an organization and selects the most appropriate technique for treating such exposure.

Systematically explain the risk management process.

(12 marks)
(30 marks)

Question Two

- a) The process of risk evaluation involves measuring potential losses and the probability of occurrence. Discuss two most common methods used for measuring the likelihood and impact of supply chain risk by a risk manager.
(10 marks)

- b) Identify and discuss at least five emerging issues in supply chain risk management.

(10 marks)
(20 marks)

Question Three

- a) Outsourcing is no longer just a short-term solution to achieve cost reduction. Global outsourcing uses a blend of onsite and offsite solutions to achieve strategic business objectives for the outsourcing company. Organizations might choose to outsource globally based on various reasons. Explain FIVE supply chain risks of outsourcing globally.
(10 marks)

- b) Outline FIVE factors that a procurement officer should pay particular attention to when making appraisal visit to potential suppliers.

(10 marks)

(20 marks)

Question Four

- a) Enterprise risk encompasses all major risks faced by a business. State and explain FIVE major enterprise risks faced by a business.

(10 marks)

- b) Write short notes on:

- | | | |
|-------|-------------------------|-----------|
| (i) | Prioritization of risks | (2 marks) |
| (ii) | Outsourcing | (2 marks) |
| (iii) | Supplier appraisal | (2 marks) |
| (iv) | Risk register | (2 marks) |
| (v) | Due diligence | (2 marks) |

(20 marks)

Question Five

- a) "Crisis Management comprises the overall strategic and tactical responses of an organization to recognize and respond effectively, efficiently and comprehensively to actualize threats" Explain the phases that characterize crisis management, preparation and response activities?

(16 marks)

- b) Distinguish between "monitoring" and "review" as used in supply chain risk management

(4 marks)

(20 marks)